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PART II—Section 3—Sub-section (ii)
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MINISTRY OF FINANCE
(Department of Economic Affairs)
NOTIFICATION

New Delhi, the 5th May 1961

S.O. 1036-A.—In exercise of the powers conferred by sub-section (2) of section 45 of the Banking Companies Act, 1949, the Central Government, after considering an application made by the Reserve Bank of India under sub-section (1) of that section, hereby makes an order of moratorium in respect of the Bank of Citizens Ltd., Belgaum for the period from the 7th May, 1961 to the 6th August, 1961 (both days inclusive) and hereby stays the commencement or continuance of all actions and proceedings against that banking company during the period of moratorium.

2. The Central Government hereby also directs that the Bank of Citizens Ltd., Belgaum, may, during the period of the moratorium granted to it, make payments in discharge of its liabilities and obligations to the extent and in the manner provided hereunder:—

- (i) the amounts of any drafts or pay orders issued by the said bank and remaining unpaid on the date on which the order of moratorium comes into force;
- (ii) the amounts of the bills received for collection on or before the 6th May, 1961 and realised before, on, or after that date;
- (iii) any expenditure which has necessarily to be incurred in connection with any suits or appeals filed by or against or decrees obtained by the said bank or for realising any amounts due to it, provided that if the expenditure in respect of each such suit or appeal or decree or proceeding is in excess of Rs. 250/-, the permission in writing of the Reserve Bank of India shall be obtained before it is incurred.
- (iv) any expenditure on any other item in so far as it is in the opinion of the banking company necessary for carrying on the day-to-day administration of the banking company, provided that where the total expenditure on any item in any calendar month exceeds the average monthly expenditure on account of that item during the six calendar months preceding the order of moratorium, or if no expenditure has been incurred on account of that item in the past, a sum of Rs. 250/-, the permission in writing of the Reserve Bank of India shall be obtained before the additional expenditure is incurred.

3. The Central Government hereby also directs that the Bank of Citizens Ltd., Belgaum, may during the period of the moratorium granted to it, make the following further payments, namely, the amounts necessary for repaying loans or advances granted against Government securities or other securities to the Bank of Citizens Ltd., by the Reserve Bank of India or the State Bank of India or any

of its subsidiaries or by any other bank and remaining unpaid on the date on which the order of moratorium comes into force.

4. The Central Government hereby further directs that during the period of the moratorium, the Bank of Citizens Ltd., Belgaum, shall be permitted to operate its accounts with the Reserve Bank of India or with any other bank for the purposes of making the payments aforesaid provided that nothing in this order shall be deemed to require the Reserve Bank of India or any other bank aforesaid to satisfy itself that the conditions imposed by this order are being observed before any amounts are released in favour of the Bank of Citizens Ltd., Belgaum.

5. The Central Government hereby further directs that the Bank of Citizens Ltd., Belgaum may during the period of moratorium return any bills which have remained unrealised to the persons entitled to receive them on a request being made in this behalf by such persons, if the bank has no right or title to, or interest in, such bills.

6. The Central Government hereby also directs that the Bank of Citizens Ltd., Belgaum may release or deliver goods or securities which may be pledged, hypothecated or mortgaged or otherwise charged to it against any loan, cash credit or over-draft—

- (i) in any case in which full payment towards all the amounts due from the borrower or borrowers, as the case may be has been received by the bank, unconditionally; and
- (ii) in any other case, to such an extent as may be necessary or possible, without reducing the proportions of the margins on the said goods or securities below the stipulated proportions or the proportions which were maintained before the order of moratorium came into force, whichever may be higher.

[No. F. 4(78)-BC/61.]

R. K. SESHADRI, Dy. Secy.